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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
2000 Biennial Regulatory Review --)
Comprehensive Review of the)
Accounting Requirements and)
ARMIS Reporting Requirements for)
Incumbent Local Exchange Carriers:)
Phase 2 and Phase 3)

CC Docket No. 00-199

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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SUMMARY

In these Comments, GSA supports most of the Commission's proposals for streamlining its Class A account list. In general, GSA believes that the Commission has struck an appropriate balance between the need for effective regulatory controls and the need for less burdensome regulatory surveillance.

GSA, however, does urge the Commission to amend or clarify its proposals in a few respects. First, GSA recommends that the Commission consolidate the eight current Basic Local Service subaccounts into four subaccounts, instead of eliminating subaccount detail completely. Second, GSA recommends that the Commission establish separate wholesale and retail subaccounts for the Customer Services expense account.

Finally, GSA urges the Commission to clarify that it intends to require separate ARMIS reporting of state and interstate data for each network access revenue subaccount.

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| Incumbent Local Exchange Carriers: |) | |
| Phase 2 and Phase 3 |) | |

**COMMENTS
of the
GENERAL SERVICES ADMINISTRATION**

The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Commission's Public Notice ("Notice") released on June 8, 2001. In the Notice, the Commission seeks additional comments and replies on proposed changes to its Uniform System of Accounts ("USOA") for Telecommunications Companies.¹

I. INTRODUCTION

In its Comments and Reply Comments in an earlier phase of this proceeding, GSA supported the Commission's proposal to eliminate approximately one-fourth of the current Class A accounts.² GSA opposed the proposal of the United States Telecom

¹ 47 C.F.R. Part 32

² Comments of GSA, December 21, 2000, pp. 3-5; Reply Comments of GSA, January 30, 2001, pp. 6-9.

Association ("USTA") to adopt less detailed Class B accounts for all carriers.³ The Class A account list proposed in Attachment A to the Notice is generally consistent with GSA's recommendations. GSA commends the Commission for striking an appropriate balance between the requirements for effective regulatory controls and the need for less burdensome regulatory surveillance.

With minor exceptions to be noted below, GSA supports the Commission's streamlining proposals.

II. MOST OF THE PROPOSED DELETIONS OF CLASS A ACCOUNTS ARE APPROPRIATE

In its Phase 1 Order, the Commission eliminated over half of the original Class A accounts and subaccounts.⁴ In this proceeding the Commission proposed the further elimination of over a quarter of the remaining Class A accounts.⁵ The Notice increases the proposed reduction to nearly forty percent of the remaining accounts.⁶

For the most part, GSA supports the Commission's proposed deletions. GSA has concerns, however, about two of the Commission's proposals.

First, the Commission proposes to eliminate all Basic Local Service Revenue subaccounts (Accounts 5001-5069). As AT&T noted in its Reply Comments, a broad

³ Id.

⁴ 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers; Phase 2 and Phase 3, CC Docket No. 00-199, Notice of Proposed Rulemaking, FCC 00-364, released October 18, 2000 ("NPRM"), footnote 36.

⁵ NPRM, para. 17.

⁶ Appendix 1 of the NPRM listed 296 Class A accounts. Attachment A of the Notice retains only 178 Class A accounts.

category such as this “would not allow any meaningful analysis or benchmarking of the LECs’ operations.”⁷ GSA emphasized in its Comments that the Basic Local Service Revenue account includes four distinctly different revenue sources.⁸ The Commission’s proposal would place in a single account over 50 percent of local exchange carrier (“LEC”) total revenues, and over 75 percent of intrastate revenues.⁹

To rectify this problem, GSA recommends that the Commission revise its proposal to consolidate the eight current subaccounts of the Basic Local Service Revenue account into the following four subaccounts:

5010 Area Revenue

5020 Mobile Services Revenue

5040 Local Private Line Revenue

5050 Other Local Service Revenue

GSA’s recommendation would cut the number of Basic Local Service subaccounts in half without sacrificing the availability of meaningful data for analytical studies.

GSA’s other concern relates to the proposed elimination of Account 5084, State Access Revenue. In its Comments, GSA supported the state commission proposal to establish subaccount categories dividing state access revenues between end user, switched access and special access.¹⁰ These are the subaccount categories the

⁷ Reply Comments of AT&T Corp. (“AT&T”), p. 9. See, also, Comments of the New York State Department of Public Service, p. 1, and Reply Comments of WorldCom, p. 3.

⁸ Comments of GSA, p. 4.

⁹ The ARMIS Report “Basic Financial Data for 2000” shows \$56 billion of Basic Local Service Revenue, \$109 billion of Total Revenues and \$72 billion of Intrastate Revenues.

¹⁰ Comments of GSA, p. 5.

Commission shows in the Notice for network access revenues. The Commission's proposal to eliminate the State Access Revenue account is appropriate only if it signals that Automated Reporting Management Information System ("ARMIS") reports will differentiate between state and interstate for each network access subaccount. GSA urges the Commission to clarify that this is its intention with respect to network access revenues.

III. THE PROPOSED ADDITIONS TO CLASS A ACCOUNTS ARE APPROPRIATE

In its Comments, GSA supported a number of state commission proposals for additions to the list of Class A accounts.¹¹ In particular, GSA urged the Commission to add revenue and expense accounts to reflect recent industry interconnection developments. GSA commends the Commission for its proposed addition of the following interconnection revenue and expense subaccounts:

- Unbundled Network Elements
- Resale
- Reciprocal Compensation
- Other Interconnection

These subaccounts, when made available through the Commission's ARMIS reports, will allow useful analyses to be made of interconnection trends.

GSA also supports the Commission's efforts to update the list of Class A accounts for new technological developments. The creation of an Optical Switching

¹¹ Id., pp. 4-5.

Account (Account 2213) and the differentiation between circuit and packet switching are forward-looking enhancement to the USOA. So, too, is the breakdown of Circuit Equipment (Account 2232) between electronic and optical, and the breakdown of Intangibles (Account 2690) between Network Software and Other. Once again, of course, these breakdowns should be reflected in ARMIS reports.

IV. WHOLESALE AND RETAIL SUBACCOUNTS SHOULD BE ESTABLISHED WITHIN THE CUSTOMER SERVICE EXPENSE ACCOUNT

In its Comments, GSA also supported the state commission proposal to add wholesale and retail subaccounts to the Customer Services expense account (Account 6620).¹² Attachment A to the Notice does not list these subaccounts.

GSA urges the Commission to reconsider this matter and establish wholesale and retail subaccounts for this single expense account. The collection of actual data in this manner will not be burdensome to the LECs, since customer service activities are easily identified as either related to wholesale or retail customers. The benefit of this bifurcation will be great, however, as it will eliminate the need for special studies and significantly reduce controversy in the setting of resale discounts.

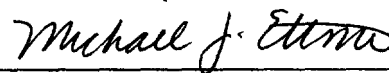
¹² Id., p. 5.

V. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Comments.

Respectfully submitted,

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July 16, 2001

CERTIFICATE OF SERVICE

I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 16th day of July, 2001, by hand delivery or postage paid to the following parties.

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